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GEORGIA STATE UNIVERSITY FORECAST

Georgia and Atlanta
1979 - 1980

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GEORGIA ECONOMY FALLS BELOW NATIONAL GROWTH RATE

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Recent Actvity

Unemployment in Georgia fell below 5% in September while the insured unemployment rate declined to 1.76% during the September reference week. In both cases, this is a full percentage point below comparable rates nationwide and is extremely close to the minimum that unemployment can reach as a result of overall economic conditions without generating increasing pressures upon wage demands. Unfortunately, further improvement is not anticipated during the forecast period.

According to the latest data on personal income, the Georgia economy has been slowing relative to the nation for more than a year. Total personal income in Georgia is up only 11.3% (as compared to 12.1% nationwide) in the latest twelve months. Nonfarm income slowing in wage disbursements is responsible for this weakness. In the second quarter, the official data suggest that nonfarm income in Georgia grew only 1.4% as compared to 2.2% nationwide. Moreover, the national economy was weakened by gasoline lines and truckers stoppages, both of which were inconsequential in Georgia. Thus, the official estimates probably should not be to measure economic conditions in Georgia at this time.

Weakness in earnings growth was most pronounced for construction (-3.2%), military payrolls (-0.8%), and retail trade (-0.4%), although only state and local payrolls (3.0%), finance (1.8%), and wholesale trade (1.5%) showed any zip. Except for finance, these strong areas cannot be sustained without some increase in economic activity from the weak areas.

The official income figures may be so unreliable because they are using the official employment figures to establish their estimates. As table 5 indicates, seasonally adjusted employment in Georgia peaked in the first quarter and has been trending downward ever since. The greatest area of weakness has been in construction, while large declines also occurred in retail trade and services. Every year during an economic expansion this pattern reappears only to be eliminated during the subsequent benchmark revisions. However, table 5 is instructive in illustrating changes in manufacturing and transportation activity, where subsequent revisions are much less substantial. Thus, the developing weakness in the building related group of lumber, furniture, and the minerals processing group (stone, clay, glass) may be the beginning of a sustained decline. Similarly, weakness in fabricated metals, transportation equipment (indefinite layoffs at the GM plants at Lakewood and Doraville were only partially anticipated), apparel and the plastics and petroleum processing portions of other nondurable manufacturing may be signalling the development of recessionary tendencies in those industries. At the same time, primary metals remains surprisingly strong while the machinery industries continue a nearly unabated advance. Printing, which lags economic activity, also continues to strengthen. Industries showing little direction include unspecified durables such as instruments and ordnance, textiles, paper and transportation services. Airline traffic is beginning to weaken. Normally, flight cancellations would be causing layoffs. However, the expansion at Hartsfield may be ready in time to offset the cyclical decline in employment that otherwise would develop.

The Georgia coincident indicators, which contains a wider sampling of activity than the employment data that dominates most regional analysis, showed that the 1% positive

growth in economic activity that occurred in the second quarter continued through the summer. The March peak was exceeded in August and further expansion was measured during September. This strongly suggests that a recession has not yet started in Georgia, although it also shows that activity is well below normal. During the latest twelve months, Georgia activity increased 3.4% by this measure as compared to 1.7% gains nationwide. During the summer, however, Georgia activity fell below gains in the nation. This should be expected if second quarter weakness nationwide was caused by temporary disruptions. However, activity continued to slow through September with weakness becoming measurable in all sectors except corporate earnings. If the estimates on hours worked are reliable, productivity increased by 0.5% in Georgia during the summer (about the same as nationwide) but showed a surprisingly strong 2% gain during the last year (as compared to a 1.6% decline nationwide). These productivity estimates are only partially confirmed by the modest improvement in corporate earnings. Thus, yet another data discrepancy suggests that employment in Georgia is being understated at this time.

September's leading indicators were decidedly favorable, with gains approaching normal rates of expansion. Consumer purchases and nonresidential construction contracts accounted for most of the gain although two labor market indicators (initial unemployment claims and the adjusted layoff rate) also gave positive signals. A third measure of employment conditions, the length of the manufacturing workweek, was down. The only areas recording weakness were the mortgage and savings indicators, and those declines were reduced in September. Of course, these statistics pre-date the shift in Federal Reserve activity on October 6 and the subsequent violent reaction of credit markets to those changes. Moreover, the favorable performance in Georgia was eclipsed by even more strength nationwide. Thus, Georgia's economy has performed better than the nation according to the most reliable measures of activity, but relative performance has slipped below the nation in the latest months.

Consumer prices in Atlanta have increased 11.2% in the twelve months to August, significantly below the 11.8% recorded nationwide. Most of this discrepancy is the result of substantially lower increases in housing costs, especially homeownership (12.6% increase vs. 16.0% nationwide) and fuels (9.1% vs. 19.7% nationwide). Food costs have increased at comparable rates, although alcoholic beverages are trailing national gains by 2.2 percentage points. Apparel has become less inflationary than nationwide in Georgia as women's apparel and footwear have not yet responded to national cost pressures. However, MARTA fare increases have contributed to a 30.3% increase in the cost of public transportation during the last twelve months. Rental rates now are increasing more rapidly than nationwide (10.0% vs. 7.5%) but homeownership costs once again have increased more slowly than nationwide as usury ceilings again are becoming binding.

By August, retail sales in the South Atlantic states had fallen below national rates of gain. This relative slowing in sales began early in 1979 and has persisted. Auto sales are slightly less robust than nationwide, but furniture store sales have been stronger. Gasoline sales also have been slightly stronger but activity at general merchandise stores and apparel shops have accounted for this continued slowing of sales. However, strong activity in nondurable sales (23% vs. 11% in the U.S.) enabled Atlanta to edge above national sales rates for the first eight months of 1979 (12% vs. 11%). This occurred despite poor sales activity in stores that specialize in department store types of merchandise. This move toward specialty apparel shops explains the weakness in Atlanta department store sales (5% vs. 8% in U.S.). Sales in Augusta slowed to the 8% national average. Macon and Savannah continued to record little gain in department store activity, thus increasing slightly their growth rate gap in comparison to the U.S.. Taxable sales in Georgia fell to a 10.9% gain from previous year levels as compared to 13.5% during the winter.

In September the effective mortgage rate for newly built homes in Atlanta was 11.07%, a 1.06 percentage point increase from the previous year. This compared with a rate of 11.02% nationwide and a 1.29 percentage point gain. For previously occupied homes, in Atlanta, mortgages were 10.98%, a 0.89 percentage point gain . Nationally, the rates were 11.19%, a gain of 1.35 percentage points during the year. Some weakness in previously occupied housing activity already was apparent in Atlanta before the Volcher initiative. Now, new contracts are being quoted at 11.75 with several discount points. Moreover, higher rates to an excess of 12% are likely early in 1980.

Commitments remained strong through the summer at Georgia savings associations, insuring strong activity until the end of this year. Georgia commitments increased 8.3% during the last three months while they were declining -0.19% in the Southeast and tumbling -5.4% nationally. These gains developed despite weakness in the growth of savings capital. In Georgia, gains were only 1.9% as compared to 2.1% for the Southeast and 2.3% in the U.S.. Mortgages outstanding grew a relatively slow 2.4% in Georgia as compared to 2.7% in the Southeast and 3.0% nationwide. Of course, the lower home-ownership costs in Georgia meant that more housing units could be financed for the same mortgage debt as in the nation.

Sales tax receipts rebounded during the summer to an 11.4% gain over previous year levels following increases of 9.4%, 13.6%, 13.9% and 16.6% in previous quarters. Nationally, a similar rebound to 9.1% was recorded following a 7.4% gain during the spring and 13.4%, 11.7%, and 12.5% in previous quarters. The Georgia consumer continues to show more strength than in the nation, although the trends are similar. Income taxes increased 19.4% after 17.1% and 30.8% gains in previous quarters. However, a slowing to 13.6% in October suggests that improvement may be temporary. Nationwide the figures are distorted by tax cuts but they show a gain of 8.1% following meager 1.4% and 3.3% gains in previous quarters. The corporate sector also experienced a modest bounce to 11.7% from 7.4% in the spring. Previous quarterly gains were 7.7%, 29.0% and 23.2%. Estimates for all state and local governments show a 10.1% gain following 9.6%, 35.6%, 26.6% and 16.8% in previous quarters. Total Georgia revenues rebounded to 11.7% from 10% in the previous quarter. This is slightly above the 11.6% gain to date, but October's revenues grew only 8.4%. We expect to see renewed slowing in these revenues leading to gains of 10% for this fiscal year and only 9% next year as corporate accruals turn negative.

Summary of Outlook

At least a minor recession now appears inevitable for Georgia in 1980. Economic activity may decline 1% during the year while employment growth will be negligible. The unemployment rate should increase by 2 percentage points to 7% while the insured unemployment rate should rise toward 4%. Construction and building materials are expected to lead the decline, but weakness also is expected to be extensive for transportation equipment. Lesser declines are expected in metals, textiles, apparel and paper. Because machinery activity will weaken late in 1980, the early phases of recovery are expected to be relatively modest. At the present time, this weakness in goods activity is expected to slow, but not stall, the service and distribution economy. Normally, wholesale trade and transportation services would be declining in response to such weakness, but the expansion at Hartsfield and the more conservative expansion of wholesale activity during 1979 may preclude such a correction.

One concern is the continued decline in purchasing power adjusted for inflation. In 1979, nonfarm personal income will fall short of gains in prices and is epxected

to do so again in 1980. Retail activity has been outstripping this growth in purchasing power, but a substantial correction by the consumer cannot be ruled out. Thus, employment in retail trade, which already has been marked down to show only a marginal gain in 1980, could actually show a decline. Thus, even the estimate of a modest 7100 expansion in jobs during 1980 may prove to be too optimistic.

Recovery is expected to begin later in 1980 as declining interest rates nationwide begin to attract new homebuyers. Also, inventory corrections should be completed in building materials and transportation equipment by that time. A repeat of 1975 is not likely but a decline is economic activity during 1980 is nearly certain.

Atlanta Could Outperform State in Recession Year

Unemployment rates in Atlanta remain below those for the state at 4.5 % in September. Moreover, the insured unemployment rate has widened the gap to 0.5 percentage points below the state. Of course, the latest layoffs at GM facilities soon should change that picture.

The biased employment figures contained in table 5 show a similar pattern of decline in Atlanta as in Georgia until September, when services rebounded from a summer lull. Of course, unemployment in retail service and constr ction show the same measurement problems as in the state. Construction has not fallen as rapidly as in the state as residential activity remains strong while nonresidential construction contracts recently have surged. Stone, clay, and glass also remains strong, although other building related manufacturing has weakened. The machinery sectors have exhibited significant strength while the metals have continued to grow modestly. Even transportation equipment was attempting a rebound prior to the latest layoff announcements. Employment now will be declining sharply in that sector until well into 1980. In nondurables, processing paper, printing, and chemicals have weakened slightly while textiles and apparel have improved. No substantial surprises are expected in employment of nondurable establishments in 1980.

In the service and distribution sectors, weakness in trade is being offset by strength in transportation and finance. Some slowing in wholesale activity is healthy at this time, even if it is contributing to an increase in the Adams-Cates index of vacant warehouse space. Also, further growth in transportation is expected when the Hartsfield expansion is completed. This will offset national cyclical declining tendencies that otherwide would be dominant.

While taxable sales have slowed their growth in Atlanta relative to Georgia, they still exceed gains statewide. Thus, the current estimate of a decline in retail trade employment is not very likely. In the spring, taxable sales in Atlanta increased 12.1% as compared to 10.9% in Georgia. Of the five major counties, sales gains accelerated to 18.9% in Clayton, slumped to a modest 12.1% in Cobb, slowed even further to 11.7% in Dekalb, fell further below state rates of gain in Fulton to 10.0%, but remained robust at 24.0% in Gwinnett. The metropolitan area accounted for 47% of Georgia's taxable sales in the second quarter.

Building permits continued to slow in October, as 1305 single family permits was similar to 1302 in 1978. Multifamily units continued to be strong, gaining 710 vs. 142 in 1978 as a result of activity in Fulton and Dekalb. It now appears that 15,000 single family permits will be issued in 1979 as compared to 13,656 in 1978. Moreover, a smaller portion of these permits will be transformed into housing starts. Multifamily activity could approach 6,000 (it is 5396 through October) as compared to 3162 in 1978.

This would mean an increase in housing units by 21,000. We continue to estimate 1979 housing needs at 18,000-19,000, leading to a modest increase in inventory. In 1980, the recession is expected to reduce household formations by 15%, meaning that only 15,000-16,000 units will be needed. At the present time, we are projecting a 30% decline in single family starts but only a 15% dropoff in multifamily activity. Thus, single family permits should fall below 11,000 while multifamily activity would recede to 5,000. This would be very close to expected needs, resulting in a substantial increase in activity in 1981 as the delayed household formations seek shelter. Any price and rental relief from this housing slump should be modest.

Fulton County remains the surprising leader in activity with 4609 permits through October, of which 3016 are multifamily. Obviously, this activity is well ahead of normal absorption rates and should slow sharply in 1980. Cobb county is next with 4364 permits, well above recent absorption rates as well. Gwinnett, the new single family growth king, has permitted 3931 units and should nearly duplicate that in 1980. Dekalb county has 2405 permits and also may see some slowing in single family activity. Cherokee has moved into 5th place with 881 permits and may continue that pace in 1980. Clayton's 863 permits is more than adequate until the Hartsfield expansion is completed. In 1981, however, it could regain the fifth place in construction activity.

Atlanta financing appeared to be tight, as savings capital expanded only 1.6% and mortgages outstanding grew 2.3%. However, these were improvements over the spring. Moreover, mortgage commitments continued to expand a strong 27.2%.

As expected, wholesale activity slowed and the Coldwell Banker Industrial Vacancy Index moved from 3.0% in June to 3.7% in September. A more modest increase is expected during the fourth quarter as commercial construction begins to moderate. While excesses of the magnitude recorded in 1974 are not apparent, minor imbalances do exist in commercial and residential construction. Thus, a more significant correction than for the state is expected in construction.

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Economic Forecasting Project
November 1979

Table 1 Georgia Wage & Salary Employment for 1978 and 1979 With Forecasts for 1980 and 1981

Industry	1978	1979	1980	1981	78-79	79-80	80-81
Mining	7.6	7.8	7.9	8.0	2.6	1.3	1.3
Contract Construction	98.0	95.0	89.7	91.7	-3.1	-5.6	2.2
Manufacturing	510.4	515.8	511.0	516.2	1.1	-0.9	1.0
Durables	*172.9*	*174.5*	*171.9*	*174.4*	*0.9*	*-1.5*	*1.5*
Lumber	28.5	29.1	28.5	29.5	2.1	-2.1	3.5
Furniture	9.6	9.6	9.3	9.3	0.0	-3.1	0.0
Stone, Clay, Glass	17.8	18.0	17.8	18.1	1.3	-1.1	1.7
Primary Metals	15.4	16.2	16.1	16.3	5.2	-0.6	1.2
Fabricated Metals	20.1	19.7	19.2	19.5	-1.9	-2.5	1.6
Nonelectrical Machinery	19.2	19.7	19.9	19.7	2.5	1.0	-1.0
Electrical Machinery	18.0	19.1	19.6	19.8	5.8	2.6	1.0
Transportation Equipment	33.2	31.7	30.1	30.6	-4.5	-5.0	1.7
Other Durables	11.1	11.4	11.4	11.6	2.7	0.0	1.8
Nondurables	*337.5*	*341.3*	*339.1*	*341.8*	*1.1*	*-0.6*	*0.8*
Food	56.7	57.4	59.3	61.0	1.1	3.3	2.9
Textiles	122.6	123.3	121.0	121.2	0.6	-1.9	0.2
Apparel	74.3	74.8	73.2	72.9	0.7	-2.1	-0.4
Paper	26.9	27.4	27.0	27.2	1.8	-1.5	-0.7
Printing	21.2	21.7	22.1	22.4	2.2	1.8	1.4
Chemicals	16.4	16.6	16.6	16.8	1.1	0.0	1.2
Leather	2.9	3.0	2.9	2.9	3.4	-3.3	0.0
Other Nondurables	16.5	17.1	17.0	17.4	3.8	-0.6	2.4
Transportation, Comm. & Utilities	126.6	128.3	130.5	133.5	1.4	1.7	2.3
Trade	458.7	464.2	463.2	472.6	1.2	0.9	0.9
Wholesale	*144.3*	*145.9*	*146.6*	*147.5*	*1.1*	*0.5*	*0.6*
Retail	*314.4*	*318.3*	*321.6*	*325.1*	*1.2*	*0.3*	*1.1*
Finance, Ins. & Real Estate	101.9	105.2	106.9	108.2	3.2	1.6	1.2
Services	298.4	303.4	307.3	312.2	1.7	1.3	1.6
Government	391.2	398.9	404.0	408.5	2.0	1.3	1.1
Federal	*81.6*	*82.3*	*82.7*	*83.0*	*0.8*	*0.5*	*0.4*
State & Local	*309.6*	*316.6*	*321.3*	*325.5*	*2.3*	*1.5*	*1.3*
Total Wage & Salary Employment	1992.8	2018.6	2025.5	2050.9	1.3	0.3	1.3

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Table 2

Estimated Georgia Personal Income
(Millions of Dollars)

	1978	1979	1980	1981	77-78	78-79	79-80	80-81
Wage & Salary Income	22968	25240	27358	30070	10.2	9.9	8.4	9.9
Other Labor Income	2115	2343	2582	2845	14.7	10.8	10.2	10.2
Proprietors'Income	2258	2588	2548	2674	30.1	14.6	-1.5	4.9
Farm	*612*	*847*	*782*	*827*	*154.0*	*38.4*	*-7.7*	*5.8*
Nonfarm	*1645*	*1741*	*1766*	*1847*	*10.0*	*5.8*	*1.4*	*4.6*
Labor & Proprietors' Income:								
Farm	800	1076	1041	1123	99.5	34.5	-3.3	7.9
Mining	114	131	144	159	9.6	14.9	10.1	10.5
Contract Construction	1457	1520	1553	1725	11.7	4.3	2.2	11.1
Manufacturing	6462	7005	7466	8212	9.5	8.4	6.6	10.0
Durables	*2566*	*2732*	*2877*	*3173*	*10.8*	*6.5*	*5.3*	*10.3*
Nondurables	*3896*	*4273*	*4589*	*5039*	*8.6*	*9.7*	*7.4*	*9.8*
Trade	5233	5849	6276	6784	11.3	11.8	7.3	8.1
Finance, Insurance, Real Estate	1565	1761	1948	2148	11.3	12.5	10.6	10.3
Transportation & Utilities	2539	2753	3026	3352	12.7	8.4	9.9	10.8
Services	3955	4392	4844	5353	12.6	11.0	10.3	10.5
Other Industries	89	108	122	136	6.0	21.3	12.5	11.9
Government	5123	5576	6068	6597	7.7	8.8	8.8	8.7
Federal Civilian	*1408*	*1518*	*1647*	*1788*	*5.6*	*7.8*	*8.5*	*8.6*
Federal Military	*726*	*785*	*857*	*942*	*8.0*	*8.1*	*9.2*	*9.9*
State & Local	*2990*	*3273*	*3564*	*3867*	*8.7*	*9.5*	*8.9*	*8.5*
Property Income	3875	4449	4943	5472	13.2	14.8	11.1	10.7
State U.I. Benefits	109	113	246	273	-31.0	3.7	117.7	11.0
Other Transfers	4291	4930	5458	5981	9.6	14.9	10.7	9.6
Less: Social Ins. Contributions	1439	1600	1759	1994	11.7	11.2	9.9	13.3
Resident Adjustment	-92	-95	-93	-96	----	----	----	----
Total Personal Income	34087	37968	41283	45225	11.6	11.4	8.7	9.5
Nonfarm Personal Income	33287	36892	40242	44102	10.5	10.8	9.1	9.6
% of U.S. Nonfarm	1.99	1.95	1.95	1.94	----	----	----	----

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Table 3 Atlanta SMSA Wage & Salary Employment for 1978 With Forecasts for 1979, 1980 and 1981

	1978	1979	1980	1981	78-79	79-80	80-81
Industry							
Contract Construction	38.7	37.5	35.1	35.6	-3.2	-6.4	1.4
Manufacturing	135.4	135.7	133.8	136.3	0.2	-1.4	1.9
Durables	*67.0*	*66.9*	*65.2*	*66.9*	*-0.1*	*-2.5*	*2.6*
Lumber	3.1	3.0	2.9	3.2	-3.2	-3.3	10.3
Furniture	3.4	3.1	2.9	2.9	-8.1	-6.5	0.0
Stone, Clay, Glass	7.4	7.5	7.3	7.5	1.0	-2.7	2.7
Primary Metals	4.6	4.8	4.7	4.9	4.3	-2.1	4.3
Fabricated Metals	7.9	7.9	7.7	7.9	0.0	-2.5	2.6
Nonelectrical Machinery	6.1	6.7	6.8	6.8	9.8	1.5	0.0
Electrical Machinery	7.8	8.3	8.6	8.8	6.7	3.6	2.3
Transportation Equipment	23.5	22.3	21.1	21.6	-4.9	-5.5	2.4
Other Durables	3.2	3.3	3.2	3.3	3.1	-3.0	3.1
Nondurables	*68.4*	*68.8*	*68.6*	*69.4*	*0.6*	*-0.3*	*1.2*
Food	18.2	18.0	18.3	18.5	-1.4	1.7	1.1
Textiles	6.8	7.0	7.0	7.1	2.9	0.0	1.4
Apparel	10.0	10.1	10.0	10.0	1.0	-1.0	0.0
Paper	7.5	7.3	7.0	7.2	-2.7	-4.1	2.9
Printing	13.6	13.9	14.0	14.2	2.2	0.7	1.4
Chemicals	7.4	7.5	7.4	7.4	1.4	-1.3	0.0
Other Nondurables	4.9	5.0	4.9	5.0	2.0	-2.0	2.0
Transportation	76.3	78.3	80.3	81.9	2.6	2.6	2.0
Trade	239.2	238.9	242.2	245.4	-0.1	1.4	1.3
Wholesale	*90.8*	*91.6*	*92.1*	*92.5*	*0.9*	*0.5*	*0.4*
Retail	*148.4*	*147.3*	*150.1*	*152.9*	*-0.8*	*1.9*	*1.9*
Finance, Insurance & Real Estate	58.8	61.6	63.3	64.5	4.7	2.8	1.9
Services	157.5	160.1	162.0	164.5	1.7	1.2	1.5
Government	147.4	151.7	154.6	157.0	2.9	1.9	1.6
Federal	*30.0*	*30.4*	*30.6*	*30.7*	*1.4*	*0.7*	*0.3*
State & Local	*117.4*	*121.3*	*124.0*	*126.3*	*3.3*	*2.2*	*1.9*
Total Wage & Salary Employment	853.3	863.8	871.3	885.2	1.2	0.9	1.6

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Table 4 Atlanta SMSA Personal Income for 1978 With Forecasts for 1979, 1980 and 1981

	1978	1979	1980	1981	77-78	78-79	79-80	80-81
Total Personal Income*	15041	16601	18174	20007	11.7	10.4	9.5	10.1
Wage & Salaries	11128	12167	13267	14624	11.3	9.3	9.0	10.2
Other Labor Income	1065	1187	1312	1452	15.5	11.5	10.5	10.7
Proprietors' Income	745	797	813	850	13.6	7.0	2.0	4.6
Farm	*38*	*49*	*41*	*42*	----	----	----	----
Nonfarm	*707*	*748*	*772*	*808*	*11.3*	*5.9*	*3.1*	*4.7*
Property Income	1705	1952	2177	2419	13.3	14.5	11.5	11.1
Transfer Payments	1458	1638	1828	2007	7.7	12.3	11.6	9.8
Less: Social Ins. Contributions	685	758	838	953	12.9	10.7	10.6	13.7
Total Earnings	12938	14151	15392	16926	11.8	9.4	8.8	10.0
Farm	47	59	53	55	----	----	----	----
Total Nonfarm	12891	14092	15339	16877	11.6	9.3	8.8	10.0
Government	1868	2037	2232	2452	11.1	9.0	9.6	9.9
Federal Civilian	*590*	*645*	*703*	*764*	*9.4*	*9.4*	*9.0*	*8.6*
Federal Military	*49*	*52*	*56*	*60*	*-1.2*	*4.4*	*8.2*	*8.3*
State & Local	*1229*	*1340*	*1473*	*1628*	*12.5*	*9.1*	*9.9*	*10.5*
Private Nonfarm	11023	12055	13107	14419	11.7	9.4	8.7	10.0
Manufacturing	2160	2313	2447	2713	8.9	7.1	5.8	10.9
Durables	*1236*	*1304*	*1360*	*1515*	*8.7*	*5.5*	*4.3*	*11.4*
Nondurables	*924*	*1009*	*1087*	*1198*	*9.1*	*9.2*	*7.7*	*10.2*
Contract Construction	684	713	723	797	13.1	4.2	1.4	10.3
Transportation, etc.	1663	1822	2019	2231	13.8	9.6	10.8	10.5
Trade	3211	3548	3825	4150	11.5	10.5	7.8	8.5
Finance, Ins. & Real Estate	983	1121	1253	1391	11.5	14.0	11.8	11.0
Services	2287	2538	2797	3088	13.2	11.0	10.2	10.4
Residence Adjustment	-375	-382	-385	-392	----	----	----	----

*Earnings on a residence basis

Georgia State University
College of Business Administration
Economic Forecasting Project
November, 1979

Table 5

Seasonally Adjusted Nonagricultural Employment

	Georgia					Atlanta				
	78-4	79-1	79-2	79-3(P)	Sept.(P)	78-4	79-1	79-2	79-3(P)	Sept.(P)
Total	2001.2	2036.4	2017.0	2011.7	2004.5	861.6	871.3	861.2	853.3	858.9
Mining	7.7	7.9	7.7	7.7	7.7					
Contract Construction	99.2	102.4	94.0	92.4	91.8	39.3	39.4	37.3	36.8	36.3
Manufacturing	515.4	519.5	516.9	515.4	512.1	137.0	136.6	134.1	135.5	135.9
Durables	*177.2*	*176.6*	*173.5*	*175.1*	*174.0*	*68.?*	*67.2*	*65.4*	*67.2*	*67.9*
Lumber	29.1	29.8	29.5	29.0	28.6	3.1	3.2	2.9	2.9	3.0
Furniture	9.7	9.7	9.7	9.6	9.4	3.3	3.3	3.1	3.1	3.0
Stone, Clay, Glass	18.3	18.3	17.9	17.9	18.0	7.5	7.4	7.5	7.5	7.5
Primary Metals	15.9	16.2	16.1	16.5	16.5	4.7	4.8	4.8	4.9	4.9
Fabricated Metals	20.2	20.4	19.8	19.5	19.2	7.8	7.9	8.0	7.9	7.8
Nonelectrical Machinery	19.3	19.6	19.4	19.8	19.9	6.2	6.4	6.6	6.7	6.8
Electrical Machinery	18.3	18.9	19.1	18.9	19.3	7.9	8.2	8.1	8.4	8.6
Transportation Equipment	35.0	32.1	30.5	32.4	31.8	24.9	22.6	21.2	22.5	23.1
Other Durables	11.4	11.6	11.5	11.5	11.3	3.2	3.4	3.2	3.3	3.2
Nondurables	*338.2*	*342.9*	*343.4*	*340.3*	*338.1*	*68.4*	*69.4*	*68.7*	*68.3*	*68.0*
Food	56.7	58.2	58.7	56.8	55.7	18.0	18.2	18.2	17.8	17.6
Textiles	121.5	123.5	123.8	123.5	122.3	6.6	6.8	6.8	7.0	7.0
Apparel	75.4	75.2	74.8	74.6	74.6	10.3	10.4	10.0	10.1	10.2
Paper	27.0	27.3	27.6	27.4	27.2	7.3	7.3	7.4	7.1	7.1
Printing	21.4	21.6	21.5	21.8	21.8	13.8	14.0	13.7	13.9	13.9
Chemicals	16.4	16.7	16.5	16.5	16.6	7.4	7.7	7.5	7.4	7.4
Leather	2.9	3.0	3.1	2.9	3.0	5.0	5.0	5.1	5.0	4.8
Other Nondurables	16.9	17.4	17.4	16.8	16.9					
Transportation, Comm., Utilities	128.0	128.9	127.5	128.3	128.6	78.0	77.8	78.2	78.7	78.6
Trade	458.2	470.9	464.7	461.7	459.8	239.5	244.3	239.2	236.1	235.7
Wholesale	*145.4*	*146.8*	*145.7*	*146.0*	*145.3*	*91.4*	*92.0*	*91.6*	*91.6*	*91.1*
Retail	*312.8*	*324.1*	*319.0*	*315.7*	*314.5*	*148.1*	*152.3*	*147.6*	*144.5*	*144.6*
Finance, Ins., Real Estate	103.1	104.9	105.2	105.2	105.5	59.5	60.7	61.5	61.9	62.1
Services	295.6	305.2	302.6	301.0	302.1	159.1	160.7	159.0	152.9	158.4
Government	394.0	396.7	398.4	400.0	396.9	149.2	151.8	151.9	151.4	151.9
Federal	*81.4*	*82.7*	*82.3*	*82.0*	*82.0*	*29.6*	*30.9*	*31.0*	*30.0*	*29.8*
State & Local	*312.6*	*314.0*	*316.1*	*318.0*	*314.9*	*119.6*	*120.9*	*120.9*	*121.4*	*122.1*

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GEORGIA STATE UNIVERSITY FORECAST

Georgia and Atlanta
1979 - 1980

FIVE-YEAR PROJECTION FOR GEORGIA

Presented at the
QUARTERLY FORECASTING CONFERENCE
of the
COLLEGE OF BUSINESS ADMINISTRATION
held at
GEORGIA STATE UNIVERSITY
FEBRUARY 12, 1980

ECONOMIC FORECASTING PROJECT
Donald Ratajczak, Director
COLLEGE OF BUSINESS ADMINISTRATION
Kenneth Black Jr., Dean

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EMPLOYMENT REVISIONS IMPROVE MEASUREMENT OF GEORIGA'S ECONOMIC PERFORMANCE

Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

Preliminary estimates of the long awaited benchmark revisions of Georgia employment are now available. As a result of these changes, wage and salary employment in Georgia has been revised upward by more than 57,000 in 1978 and by nearly 96,000 in 1979. The anemic 1.3% growth rate estimated for wage and salary employment for 1979 has been revised upward to a nearly normal 3.1% rate of expansion. Personal income estimates currently available do not reflect these changes. However, the Economic Forecasting Project at Georgia State University has incorporated the latest employment estimates into their forecast and have revised upward the personal income estimates for 1979. As a result, personal income estimates have been increased by nearly a percentage point in 1979.

These employment revisions changed employment growth considerably in several areas. First, employment in durable goods manufacturing was revised upward from a rate of expansion of 0.9% to a growth rate of 4.2% in 1979. The largest change was in nonelectrical machinery, which was revised upward from a 2.5% growth rate to a 9.6% rate of expansion. However, other significant increases occurred in lumber (5.1% vs 2.1%), fabricated metals (3.4% vs -1.9%), and transportation equipment (1.5% vs -4.5%). Revisions were less extensive in nondurable goods manufacturing, although textile employment now exhibits a decline while printing activity is growing 6.1% instead of the 2.1% originally estimated.

More substantial revisions occurred in transportation services, wholesale trade, and private services. Although the growth of employment in the transportation sector now exceeds expansion in goods activity, much of this increase is related to increasing efficiencies in airline transportation. On the other hand, upward revisions in wholesale trade employment, which changed a 1.1% rate of expansion to a 5.1% rate of expansion, must be viewed with concern. Wholesale trade has been growing relative to retail trade and to goods production for two consecutive years. Also, the dramatic revision in services from a 1.7% rate of expansion to a 5.8% growth rate suggests that consumer spending has been very extensive. Retail activity in Georgia has been expanding more rapidly than nationwide. Thus, consumer spending may be growing slightly greater relative to expansion of personal income in Georgia than in the nation.

While the revisions definitely conformed to the strong Georgia economy that had been revealed by the coincident indicators, they also reflect some areas of economic imbalance.

The timing of any correction to these developing imbalances in consumer spending and wholesale activity remains elusive. In November, unemployment in Georgia remained below 5%. While the insured unemployment rate increased to 2.14% during the December reference week, this increase was no greater than normally occurs on a seasonal basis. Furthermore, both measures of unemployment remain a full percentage point below comparable rates nationwide.

According to the revised profile of employment in table 5, economic growth slowed appreciably during the spring and summer in Georgia. However, preliminary estimates of employment changes during the fourth quarter show an annual rate of increase approaching 3%. Moreover, the very preliminary estimates for December indicate that employment continued to expand. Thus, no evidence of impending recessionary forces can be revealed from the employment statistics. Construction definitely has weakened during the year despite some improvement as a result of extremely mild weather conditions in the fourth quarter. Nondurable manufacturing shows modest weakness because of a definite downward trend in employment related to textile activity. The government sector is showing no basic employment trend at the present time. However, these areas of developing weakness are being offset by surprising strength in the stone, clay group, continuing expansion in metals and machinery activities, modest growth in transportation equipment that has occurred despite problems in auto assembly, continued growth in printing, firmness in apparel and paper production, nearly explosive growth in wholesale trade employment, and rapid expansion in transportation services, financial services and other services. In other words, employment in most Georgia industries was still trending upward at the end of 1979.

Because employment is a component in estimates of the Georgia Coincident Indicators, those indicators showed more economic activity in Georgia during 1979 than prior to the revisions. For example, the gross state product after adjustment for inflation appears to have increased by 4.6% in the last 12 months as compared to only a 0.8% gain nationwide. Moreover, activity continued to expand at a 4.6% rate in the fourth quarter. This compares with preliminary estimates of only a 1.4% rate of expansion nationwide. Recessionary activity was absent from the Georgia economy in 1979, although activity began to slow in December. Preliminary estimates suggest that the coincident indicators expanded only 0.1%, which is consistent with a 2.2% rate of expansion at annual rates for economic activity. The important series of hours worked provided most of the strength in the indicators, suggesting that productivity currently is declining in the state. Indeed, productivity now appears to have declined about 1.6% in Georgia during the last year, which is precisely the rate of decline recorded nationwide.

Other areas of strength in December were measured by corporate tax accruals and the insured unemployment rate. Weakness was revealed in the farm sector after several months of exceedingly strong economic performance; in the financial sector, where both deposits and bank loans continue to grow more slowly than inflation; and in the duration of those unemployed as measured by the value

of unemployment claims. If employment is growing more rapidly than economic activity, as the coincident indicators seem to suggest, some significant slowing of employment growth may occur in the months ahead.

Georgia's leading indicators for the month of December suggest that such a weakening of activity is not very far ahead. After rising 0.3% in November, the leading indicators plunged by 0.5% in December. In the latest three months, the indicators have trended upward, but only slightly. More significantly, the index of leading indicators has now fallen below previous year levels. A recession always has begun after this index has fallen below levels of a year ago. The sources of weakness have been so widespread that 1980 probably will not be an exception to this rule. Sharp declines occurred as a result of changes in unemployment claims, a dramatic drop in savings capital at savings institutions, a drop in adjusted mortgages outstanding, and a dramatic shortening of the workweek. Lesser weakness was revealed by changes in the layoff rate, revenues received by the state after adjustment, and sales tax receipts after adjustment for inflation. For the first time in this business cycle, employment statistics reveal significant imbalance while the leading indicators suggest that current activity cannot be sustained. Unless external sources of demand for Georgia activity develop in the months ahead, a mild recession will develop.

According to the available consumer prices for Atlanta, inflation in Georgia remains about a percentage point below levels nationwide. Differences in housing costs are primarily responsible for the reduced inflation rate. For example, homeownership in Atlanta has increased by 14.8% vs 19.8% nationwide. Furthermore, costs of homeownership have increased at a slowing rate in the last few months in Atlanta. During the last year, rents also have increased more slowly in Atlanta, but rapid rental increases in the last few months have narrowed this gap. A second source of reduced inflation is in the fuels. While prices for fuel oil and natural gas are rising only marginally more slowly in Atlanta than nationwide, natural gas and electricity, which has increased 14.4% in the last year, is a much more important fuel in Georgia than fuel oil, which rose by 51.6% in price. Costs of medical care and entertainment in Atlanta also continued to grow more slowly than nationwide. On the other hand, transportation costs are growing more rapidly in Atlanta than in the nation. The major culprit is public transportation, which has increased by 42.8% vs 17.9% nationwide.

Slightly slower inflation and more rapid expansion in revised personal income would permit some relative expansion in retail trade activity. By November, retail sales in the south Atlantic States had accelerated to draw even with 11% gains recorded nationwide. Furniture store sales remained stronger in this region while regional sluggishness in automobile sales has narrowed. Sales of nondurable goods have been slightly stronger in the region, although gasoline sales count for most of the better performance than in the nation. Retail sales in Atlanta are increasing about two percentage points more rapidly than nationwide, primarily as the result of a 23% to 11% relative rate of growth in nondurable goods sales of all major metropolitan areas in the United States. Moreover, Atlanta department stores have narrowed the gap to trail department stores sales nationwide by only 7% vs 8%. On the other hand, department store sales in Augusta have fallen below sales nationwide for the first time in more than a year. Depar-

ment stores in Macon have begun to show some growth in sales from previous year levels, while sales in Savannah department stores grew 4% over previous year levels, leading to a significant narrowing of the gap between sales of Savannah department stores and department store sales nationwide. During the third quarter, taxable sales in Georgia showed only a 8.8% gain from previous year levels, narrowing the 10.9% and 13.5% gains recorded in previous quarters.

In December the effective mortgage rate for newly built homes in Atlanta was 11.70%, a 1.61 percentage point increase from the previous year. This compared with 11.65% nationwide and 1.63 percentage point gain for the nation. For previously occupied homes, Atlanta mortgages were 11.60%, a 1.46 percentage point gain. Nationally, the rates were 11.88% a gain of 1.80 percentage points during the year. This suggests that some weakness in sales of previously occupied housing has developed in Atlanta. New mortgage contracts are being quoted at 12.50% and rates in excess of 12% are expected through the summer of 1980.

The federal reserve initiative of October 6 had a dramatic impact upon mortgage commitments at Georgia savings associations. Mortgage commitments plunged by 38.4% during the three months while they were declining only 20% nationwide and a smaller 6.1% rate in the Southeast. This weakness in commitments cannot be explained solely as a result of changes in savings capital. Indeed, savings capital in Georgia expanded 2.2% as compared to 2.0% for the Southeast and 1.7% for the nation. Because of previous commitments, mortgages outstanding grew 2.1% in Georgia, which compared favorably with a 2.3% rate of expansion in the southeast and 2.1% nationwide. The sharp break in commitments clearly indicates, however, that a substantial correction in residential construction soon will be underway.

Georgia sales tax receipts rebounded during the fall to a 12.6% gain over previous year levels following increases of 11.4%, 9.4%, 13.6%, and 13.9% in previou quarters. This rebound was in sharp contrast to sales tax receipts nationally, which expanded only 8.4% as compared to 9.4%, 8.1%, 13.4%, and 11.7% in previous quarters. Clearly, consumer activity in Georgia continues to be stronger than in the nation. Reflecting the continued growth in employment, income tax collections increased 21.2% in the fall following gains of 19.4%, 17.1%, and 30.8% in previous quarters. Although some of the nationwide figures are distorted by tax cuts, they show no comparable gain. Indeed, income tax collections by state and local governments nationwide have grown only 8.0%, 8.1%, 1.4%, and 3.3% during recent quarters. The only disappointing part of the tax receipts performance was in corporate taxes. Tax accruals slowed to a 9.1% rate of gain in the fall following gains of 11.7%, 7.4%, 7.7% and 29.0%. For all state and local governments, estimated corporate tax accruals declined even more abruptly, rising 6.5%, 14.0%, 9.6%, 35.6%, and 26.6% in previous quarters. Total Georgia revenues continued to rebound to a 12.9% annual gain from 11.7% over previous year levels in the previous quarter. Double-digit revenue growth almost is guaranteed for this fiscal year. Some revenue slowing is expected, but state revenues should gain more than 11% this year and fall only to a 10% gain next year.

Summary of Outlook

The leading indicators currently are suggesting that economic activity in Georgia will decline by 1% in 1980. On the other hand, table 5 clearly shows that employment growth continues to experience upward momentum. Given apparent economic imbalances in the consumer sector, sharp weakness in mortgage commitments, and an apparent overhang of wholesale trade employment, the weakness portrayed by the leading indicators is expected to materialize. Thus, the unemployment rate should increase to 6% in 1980 and rise above 6.5% in 1981. The insured unemployment should rise above 3%. This forecast suggests that some of the weakness in economic activity will be absorbed by reduced hours worked while some potential workers will be discouraged from entering the labor force. It also suggests that productivity gains will be nonexistent for a second year. On the other hand, employment revisions suggest that 28,000 new jobs will be created in Georgia during 1980. This a substantial upward revision from the 6900 jobs anticipated prior to the data change.

Construction and related activity will shoulder most of the weakness, with employment in the lumber and furniture industries declining along with contract construction. Weakness in the auto industry should cause a decline in employment for transportation equipment while slowing industrial activity will lead to some weakness in primary metals. The decline in textile employment should intensify and spread to apparel and leather. The paper industry also is expected to show a modest decline. Despite this recessionary forecast, employment in wholesale trade should not slow significantly until late in the year while service employment should continue to grow at historically high rates of expansion. Temporary employment by the federal government for the census will provide some temporary boost to employment in that sector. While recovery is expected to begin early in 1981, the delayed adjustment in wholesale trade and services, and the post census decline in federal employment will restrict the advance in employment opportunities. In addition, tight budgetary conditions induced by the recession should restrict the growth of state and local government employment.

Even with the significant upward revision in total personal income that we feel is justified by the growth in employment activity, inflation grew more rapidly than disposable income in Georgia. Even with some slowing of inflation during the latter part of 1980, disposable income should fall well below price changes in this year. Thus, a significant correction by the consumer cannot be ruled out. This explains why employment in retail trade has been slowed substantially in our forecast for 1980. However, weakness also could develop very quickly in the service industries. In 1981, prices should begin to fall below the growth of disposable income. In addition, the correction in construction and related materials is expected to be completed. Also, transportation equipment should move forward as a result of strength in nonauto contractors. Nevertheless, a shallow recovery with continuing increases in the unemployment rate now seems likely in 1981.

Only Housing and Autos Feel Recession in Atlanta

As in the previous benchmark revision, a substantial portion (70%) of the adjustment in employment occurred in the Atlanta statistics. As a result of the changes, wage and salary employment grew by 4.8%, far greater than the 1.2% expected on the basis of previous employment statistics. Moreover, this employment growth exceeded that recorded nationwide. Revisions explained why unemployment in Atlanta was 4.3% in November. Moreover, the insured unemployment rate has maintained a 0.5 percentage point gap below the state.

While employment in durable manufacturing was revised upward substantially in Atlanta as in the state, most of Atlanta's employment revisions were in nonmanufacturing activity. For example, strong growth in airline activity during much of 1979 caused a 9.0% gain in transportation service employment as compared with a 2.6% gain originally reported. Employment in wholesale trade grew 7.6% verses 0.9% originally reported. Employment in retail trade was sluggish, but it did grow 1.9% rather than declining 0.8% in the original report. Service employment grew 7.1% as compared to 1.7%. Even employment in state and local government was revised upward from 3.3% to 5.6%.

Big changes in employment for durable goods production occurred in electrical machinery and transportation equipment. On the other hand, employment in the stone, clay class was reduced by 400 jobs. Revisions in nondurable manufacturing were relatively small.

According to the revised seasonally adjusted employment conditions by quarter, activity continued to intensify in Atlanta. The machinery industries are continuing to register strong gains while the transportation equipment sector is showing few ill effects from the auto sales slump. In nondurable goods activity, printing is continuing to grow strongly. While employment in transportation services has slowed from a torrid pace earlier in the year, advances remain respectable. Employment in wholesale trade remains in a strong upward trend. Clearly such rapid growth cannot be sustained indefinitely. Services also are expanding rapidly. On the other hand, government payrolls have slowed sharply. Indeed, even the census takers may not be sufficient to provide positive growth in federal employment during 1980. While the Hartsfield expansion may preserve growth in transportation services in 1980 and beyond, some correction in wholesale trade seems extremely likely.

During the summer quarter, taxable sales continued to slow their growth in Atlanta relative to Georgia. The Atlanta increase in taxable sales was 9.7% from previous year levels versus 8.8% for the state. Of the five major metro counties, sales gains slowed to 13.1% in Clayton, stabilized at 12.5% in Cobb, continued to slow to 9.3% in DeKalb, slumped sharply in Fulton County to 6.8% above previous year levels, but continued to grow 24.1% in Gwinnett. The metropolitan area contiaued to account for 47% of Georgia's taxable sales in the third quarter.

Housing permits continued to slow in December, as 717 single family permits were issued in comparison to 792 in 1978. On the other hand, multifamily units maintained their remarkable strength, gaining 508 versus 22 a year ago. In 1979, 14,733 single family permits were issued as compared to 13,656 in 1978. Multifamily activity was 5,959 permist as compared to 3,162 in 1978. Thus, housing permits rose by 23% to 20,692. Nationwide, permits were down 15%. The strong employment growth recorded for 1979 suggests that housing needs probably

exceeded 20,000. As a result, little change in inventory should have occurred during the year. In 1980, a mild recession probably will reduce household formations by 10%. Thus, nearly 18,000 housing units will be needed. Nevertheless, financing problems will restrain single family housing activity. We are projecting a 25% decline in single family permits but only a 15% dropoff in multifamily activity. Thus, single family activity should fall below 12,000 units while multifamily activity could recede to 5,000. Thus, some further reduction in housing inventory is likely. Under such conditions, price and rental relief should be nonexistent. Activity now is expected to return above 20,000 units in 1981.

Fulton county finished the year with 5,373 permits of which 3,400 were multifamily. This activity is well ahead of normal absorption rates. Thus, some increased vacancies probably will develop late in 1980. Cobb county barely edged out Gwinnett for the second spot with 4,804 permits. Gwinnett, including Lawrenceville and Snellville, recorded 4,799 permits. In 1980, Gwinnett could become the fastest growing county, in absolute terms, in Georgia. DeKalb county had 2,624 permits in 1979 and should experience some slackening from that total in 1980. Cherokee county increased it's hold upon fifth place with 1,037 permits. Growth could be even more rapid in 1980 as families seek low-priced housing. Clayton county's 984 permits should prove more than adequate until the Hartsfield expansion is completed. Housing activity should slow sharply in Fulton and DeKalb counties in 1980 while Gwinnett and Cherokee counties should see continued growth of construction activity.

One factor that could derail the forecast of a relatively modest housing slump is financial conditions. Savings capital in mortgage lending institutions grew only 1.8% in the latest quarter while mortgages outstanding grew 2.1%. While those figures are only slightly worse than nationwide, the 43.4% slump in mortgage commitments suggests that significant weakness may develop in the next few months.

The surge in wholesale employment is reflected in several indices of building in Atlanta. The Adams-Cates Index of available warehouse space shows less than 5.5 million square feet. Normally, 6 million square feet is assumed to be normal. The Coldwell Banker Industrial Vacancy Index moved down from 3.7% in September to 3.1% in December. Nationally, the Coldwell Banker Index moved up from 3.0% to 3.5%. On the other hand, a new index by Coldwell Banker, which measures office vacancies, fell only from 12% to 11.6%. The low point in office vacancy apparently occurred in June when the index was at 10%. The drop in Atlanta between September and December was less than the decline that developed nationwide. These indices clearly show that no substantial construction of office space is warranted, especially after so many projects, such as the Coca-Cola headquarters, the Southern Bell headquarters, Georgia Power, and the Russell building, are near their completions. While the figures suggest that warehousing space is very tight, the employment figures strongly indicate that wholesale trade activity exceeds sustainable rates of expansion. For that reason, any desire to increase commercial construction should be discouraged at this time.

Because of the existing momentum in employment growth for electrical machinery and the favorable impact on employment from the Hartsfield expansion, a full fledged recession no longer appears likely for Atlanta. On the other hand, some correction in housing activity is required. Also, wholesale trade cannot continue to expand so rapidly relative to all other activity in Atlanta and around the state. Thus, some elements of employment weakness should extend into 1981. Nevertheless, slow growth rather than an outright decline will be recorded by most Atlanta establishments in the next two years.

Georgia State University
College of Business Administration
Economic Forecasting Project
February, 1980

Table 1 Georgia Wage & Salary Employment for 1978 and 1979 With Forecasts for 1980 and 1981

	1978	1979	1980	1981	78-79	79-80	80-81
Industry							
Mining	7.5	7.7	7.8	7.9	2.7	1.3	1.3
Contract Construction	101.2	98.0	92.8	93.9	-3.2	-5.3	1.2
Manufacturing	515.8	527.1	523.0	529.8	2.2	-0.8	1.3
Durables	*176.7*	*184.1*	*183.5*	*187.6*	*4.2*	*-0.3*	*2.2*
Lumber	29.2	30.7	30.0	31.2	5.1	-2.3	4.0
Furniture	9.8	10.0	9.5	9.6	2.0	-5.0	1.1
Stone, Clay, Glass	18.0	18.3	18.7	18.9	1.7	2.2	1.1
Primary Metals	15.5	16.5	16.4	16.6	6.5	-0.6	1.2
Fabricated Metals	20.6	21.3	21.5	21.8	3.4	0.9	1.4
Nonelectrical Machinery	19.8	21.7	22.4	22.9	9.6	3.2	2.2
Electrical Machinery	18.3	19.2	19.6	19.9	4.9	2.1	1.5
Transportation Equipment	34.3	34.8	33.7	34.9	1.5	-3.2	3.6
Other Durables	11.2	11.7	11.7	11.8	4.5	0.0	0.9
Nondurables	*339.1*	*343.0*	*339.5*	*342.2*	*1.2*	*-1.0*	*0.8*
Food	56.4	57.8	58.1	59.6	2.5	0.5	2.6
Textiles	123.7	122.9	119.6	120.4	-0.6	-2.7	0.7
Apparel	74.5	74.7	74.2	73.7	0.3	-0.7	-0.7
Paper	27.3	27.8	27.6	27.7	1.8	-0.7	0.4
Printing	21.4	22.7	23.5	23.6	6.1	3.5	0.4
Chemicals	16.1	16.4	16.4	16.6	1.9	0.0	1.2
Leather	2.8	2.5	2.3	2.3	-10.7	-8.0	0.0
Other Nondurables	17.0	18.2	17.8	18.3	7.1	-2.2	2.8
Transportation, Comm. & Utilities	129.1	136.2	139.9	144.0	5.5	2.7	2.9
Trade	476.0	493.6	502.3	511.6	3.7	1.8	1.9
Wholesale	*149.0*	*156.6*	*162.1*	*161.7*	*5.1*	*3.5*	*-0.2*
Retail	*327.0*	*337.0*	*340.2*	*349.9*	*3.1*	*0.9*	*2.9*
Finance, Ins. & Real Estate	103.6	107.0	109.2	111.3	3.3	2.1	1.9
Services	309.1	326.9	343.2	351.9	5.8	5.0	2.5
Government	407.9	417.8	424.0	428.4	2.4	1.5	1.0
Federal	*82.8*	*82.1*	*83.2*	*82.7*	*-0.8*	*1.3*	*-0.6*
State & Local	*325.0*	*335.7*	*340.8*	*345.7*	*3.3*	*1.5*	*1.4*
Total Wage & Salary Employment	2050.1	2114.2	2142.2	2178.8	3.1	1.3	1.7

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1980

Table 2

Estimated Georgia Personal Income
(Millions of Dollars)

	1978	1979	1980	1981	77-78	78-79	79-80	80-81
Wage & Salary Income	22968	25639	28066	30913	10.2	11.6	9.5	10.1
Other Labor Income	2115	2355	2689	3026	14.7	11.3	14.2	12.5
Proprietors' Income	2258	2657	2505	2659	30.1	17.7	-5.7	6.1
Farm	*612*	*895*	*716*	*766*	*154.0*	*46.2*	*-20.0*	*6.9*
Nonfarm	*1645*	*1762*	*1789*	*1893*	*10.0*	*7.1*	*1.5*	*5.8*
Labor & Proprietors' Income:								
Farm	800	1126	1005	1101	99.5	40.8	-10.7	9.6
Mining	114	132	147	164	9.6	15.8	11.7	11.0
Contract Construction	1457	1546	1595	1745	11.7	6.1	3.2	9.4
Manufacturing	6462	7147	7653	8396	9.5	10.2	7.1	9.7
Durables	*2566*	*2869*	*3076*	*3393*	*10.8*	*11.8*	*7.2*	*10.3*
Nondurables	*3896*	*4278*	*4577*	*5003*	*8.6*	*9.8*	*7.0*	*9.3*
Trade	5233	5866	6412	7034	11.3	12.1	9.3	9.7
Finance, Insurance & Real Estate	1565	1761	1941	2142	11.3	12.5	10.2	10.4
Transportation & Utilities	2539	2879	3193	3563	12.7	13.4	10.9	11.6
Services	3955	4493	5063	5636	12.6	13.6	12.7	11.3
Other Industries	89	108	122	136	6.0	21.3	12.5	11.9
Government	5123	5593	6129	6681	7.7	9.2	9.6	9.0
Federal Civilian	*1408*	*1510*	*1630*	*1749*	*5.6*	*7.2*	*7.9*	*7.3*
Federal Military	*726*	*785*	*874*	*974*	*8.0*	*8.1*	*11.3*	*11.4*
State & Local	*2990*	*3298*	*3625*	*3958*	*8.7*	*10.3*	*9.9*	*9.2*
Property Income	3875	4449	4992	5536	13.2	14.8	12.2	10.9
State U.I. Benefits	109	113	196	231	-31.0	3.7	73.5	17.9
Other Transfers	4291	4803	5557	6296	9.6	11.9	15.7	13.3
Less: Social Ins. Contributions	1439	1625	1805	2107	11.7	12.9	11.0	16.7
Residence Adjustment	-92	-96	-97	-100	----	----	----	----
Total Personal Income	34087	38295	42103	46454	11.6	12.3	9.9	10.3
Nonfarm Personal Income	33287	37169	41098	45353	10.5	11.7	10.6	10.4
% of U.S. Nonfarm	1.99	1.98	1.98	1.98	----	----	----	----

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Table 3

Atlanta SMSA Wage & Salary Employment for 1978 and 1979 With Forecasts for 1980 and 1981

Industry	1978	1979	1980	1981	78-79	79-80	80-81
Contract Construction	41.2	39.9	37.3	38.0	-3.2	-6.5	1.9
Manufacturing	138.4	142.3	142.0	144.8	2.8	-0.2	2.0
Durables	*68.4*	*70.8*	*70.4*	*72.8*	*3.5*	*-0.6*	*3.1*
Lumber	3.2	3.3	3.2	3.6	3.1	-3.0	12.5
Furniture	3.5	3.6	3.3	3.4	2.9	-8.3	3.0
Stone, Clay, Glass	7.6	7.2	7.5	7.6	-5.3	4.2	1.3
Primary Metals	4.6	5.0	4.8	4.9	8.7	-4.0	2.1
Fabricated Metals	8.0	8.2	8.1	8.1	2.5	-1.2	0.0
Nonelectrical Machinery	6.1	6.7	7.1	7.3	9.8	6.0	2.8
Electrical Machinery	8.0	9.3	10.0	10.4	16.3	7.5	4.0
Transportation Equipment	24.1	24.0	23.2	24.0	-0.4	-3.3	3.4
Other Durables	3.3	3.4	3.2	3.3	3.0	-5.9	3.1
Nondurables	*70.0*	*71.5*	*71.6*	*72.2*	*2.1*	*0.1*	*0.8*
Food	19.0	19.1	19.3	19.6	0.5	1.0	1.6
Textiles	7.3	7.4	7.4	7.5	1.4	0.0	1.4
Apparel	10.1	10.2	10.1	10.0	1.0	-1.0	-1.0
Paper	7.6	7.7	7.6	7.6	1.3	-1.3	0.0
Printing	14.0	14.5	15.2	15.4	3.6	4.8	1.3
Chemicals	6.9	6.8	6.7	6.6	-1.4	-1.5	-1.5
Other Nondurables	5.1	5.6	5.3	5.5	9.8	-5.4	3.8
Transportation	77.5	84.5	87.0	90.1	9.0	3.0	3.6
Trade	247.5	257.6	266.1	268.7	4.1	3.3	1.0
Wholesale	*93.2*	*100.3*	*105.6*	*105.0*	*7.6*	*5.3*	*-0.6*
Retail	*154.3*	*157.3*	*160.5*	*163.7*	*1.9*	*2.0*	*2.0*
Finance, Insurance & Real Estate	60.2	63.6	65.4	67.0	5.6	2.8	2.4
Services	174.4	186.7	195.7	200.6	7.1	4.8	2.5
Government	149.1	156.6	159.4	161.9	5.0	1.8	1.6
Federal	*30.6*	*31.5*	*31.3*	*30.9*	*2.9*	*-0.6*	*-1.3*
State & Local	*118.5*	*125.1*	*128.1*	*131.0*	*5.6*	*2.4*	*2.3*
Total Wage & Salary Employment	888.4	931.1	952.9	971.1	4.8	2.3	1.9

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Table 4

Atlanta SMSA Personal Income for 1978 With Estimates for 1979 and Forecasts for 1980 and 1981

	1978	1979	1980	1981	77-78	78-79	79-80	80-81
Total Personal Income*	15041	17027	18858	20863	11.7	13.2	10.8	10.6
Wage & Salary	11128	12619	13834	15252	11.3	13.4	9.6	10.3
Other Labor Income	1065	1192	1369	1546	15.5	11.9	14.9	12.9
Proprietors' Income	745	815	843	894	13.6	9.4	3.5	6.0
Farm	*38*	*52*	*43*	*46*	----	----	----	----
Nonfarm	*707*	*763*	*800*	*848*	*11.3*	*7.9*	*4.9*	*6.0*
Property Income	1705	1952	2200	2451	13.3	14.5	12.7	11.4
Transfer Payments	1458	1626	1888	2147	7.7	11.5	16.1	13.7
Less: Social Ins. Contributions	685	786	874	1021	12.9	14.7	11.2	16.8
Total Earnings	12938	14626	16046	17692	11.8	13.0	9.7	10.3
Farm	47	63	56	61	----	----	----	----
Total Nonfarm	12891	14563	15990	17631	11.6	13.0	9.8	10.3
Government	1868	2090	2259	2463	11.1	11.9	8.1	9.0
Federal Civilian	*590*	*654*	*694*	*740*	*9.4*	*10.9*	*6.0*	*6.6*
Federal Military	*49*	*52*	*57*	*62*	*-1.2*	*4.4*	*9.6*	*8.8*
State & Local	*1229*	*1384*	*1508*	*1661*	*12.5*	*12.6*	*9.0*	*10.1*
Private Nonfarm	11023	12473	13731	15168	11.7	13.2	10.1	10.5
Manufacturing	2160	2396	2574	2841	8.9	10.9	7.4	10.4
Durables	*1236*	*1373*	*1468*	*1632*	*8.7*	*11.1*	*6.9*	*11.2*
Nondurables	*924*	*1023*	*1106*	*1209*	*9.1*	*10.7*	*8.1*	*9.3*
Contract Construction	684	726	740	815	13.1	6.1	2.0	10.1
Transportation, etc.	1663	1944	2162	2428	13.8	16.9	11.2	12.3
Trade	3211	3612	4003	4355	11.5	12.5	10.8	8.8
Finance, Ins. & Real Estate	983	1128	1251	1388	11.5	14.8	10.9	10.9
Services	2287	2628	2956	3290	13.2	14.9	12.5	11.3
Residence Adjustment	-375	-391	-402	-406	----	----	----	----

*Earnings on a residence basis

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Table 5

Seasonally Adjusted Nonagricultural Employment

	Georgia					Atlanta				
	79-1	79-2	79-3	79-4(P)	Dec(P)	79-1	79-2	79-3	79-4(P)	Dec(P)
Total	2111.5	2105.8	2114.3	2130.2	2137.2	925.8	927.1	927.4	943.4	946.3
Mining	7.7	7.6	7.6	7.8	7.8	-----	-----	-----	-----	-----
Contract Construction	102.9	97.1	95.3	97.2	98.7	41.2	39.6	39.5	39.3	39.7
Manufacturing	528.7	525.7	525.7	528.3	529.5	141.2	141.6	141.4	144.3	144.3
Durables	*183.9*	*182.7*	*183.4*	*186.5*	*186.9*	*69.3*	*70.2*	*70.3*	*72.7*	*72.0*
Lumber	30.7	30.5	30.6	30.8	31.2	5	3.3	3.2	3.4	3.4
Furniture	10.0	10.1	10.0	9.7	9.6	7	3.7	3.6	3.6	3.5
Stone, Clay, Glass	18.4	17.8	18.1	18.9	18.9	7.2	6.9	7.3	7.6	7.7
Primary Metals	16.4	16.3	16.7	16.7	16.8	4.9	4.9	5.0	5.0	4.9
Fabricated Metals	21.5	21.0	20.9	21.6	21.9	8.2	8.2	8.3	8.2	8.2
Nonelectrical Machinery	21.5	21.5	21.8	22.1	22.1	6.4	6.6	6.8	7.0	7.0
Electrical Machinery	19.2	19.3	19.0	19.4	19.6	8.9	9.2	9.3	9.7	9.8
Transportation Equipment	34.4	34.5	34.5	35.7	35.1	23.0	24.1	23.5	24.9	24.2
Other Durables	11.8	11.7	11.8	11.6	11.7	3.5	3.3	3.3	3.3	3.3
Nondurables	*344.8*	*343.0*	*342.3*	*341.8*	*342.6*	*71.9*	*71.4*	*70.9*	*71.6*	*72.3*
Food	58.2	58.0	57.3	57.8	57.6	19.3	19.3	18.8	19.0	19.5
Textiles	123.8	123.2	123.2	121.3	121.8	7.2	7.4	7.5	7.6	7.5
Apparel	75.2	74.1	74.5	74.9	74.9	10.3	10.0	10.1	10.3	10.3
Paper	27.9	27.8	27.7	27.9	27.9	7.8	7.8	7.6	7.7	7.7
Printing	22.4	22.4	22.8	23.1	23.4	14.6	14.2	14.4	14.9	15.1
Chemicals	16.4	16.4	16.4	16.5	16.6	7.0	6.9	6.8	6.8	6.8
Leather	2.5	2.5	2.4	2.4	2.4	-----	----	----	----	----
Other Nondurables	18.4	18.6	18.0	17.9	18.0	5.7	5.8	5.7	5.3	5.4
Transportation, Comm. & Utilities	135.0	134.9	136.2	138.6	138.5	82.6	83.9	85.0	86.1	85.6
Trade	491.9	491.5	493.1	497.3	498.1	257.5	256.4	255.8	260.8	262.6
Wholesale	*153.6*	*155.1*	*157.4*	*160.2*	*161.5*	97.9	99.3	100.8	103.4	105.1
Retail	*338.3*	*336.4*	*335.7*	*337.1*	*336.6*	159.6	157.1	155.0	157.4	157.5
Finance, Ins. & Real Estate	106.2	106.8	106.8	108.0	107.9	62.7	63.7	64.1	64.2	63.6
Services	323.4	323.9	330.1	335.6	338.5	184.5	185.1	185.2	192.0	194.6
Government	415.7	418.3	419.5	417.4	418.2	156.1	156.8	156.6	156.7	155.9
Federal	*82.6*	*82.4*	*82.0*	*81.5*	*81.5*	*32.0*	*32.1*	*31.0*	*30.7*	*30.6*
State & Local	*333.1*	*335.9*	*337.5*	*335.9*	*336.7*	*124.1*	*124.7*	*125.6*	*126.0*	*125.3*

Georgia

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Table 6

Georgia in 1984

Employment

	1978	1984	% Change	Annual Rate	Previous Annual Rate
Mining	7.5	8.3	11.0	1.7	2.8
Construction	101.2	118.5	17.1	2.7	3.3
Manufacturing	515.8	563.2	9.2	1.5	1.4
Durables	*176.7*	*208.5*	*18.0*	*2.8*	*2.7*
Lumber	29.2	34.2	17.2	2.7	2.3
Furniture	9.8	10.1	3.1	0.5	1.6
Stone, Clay & Glass	18.0	20.5	13.9	2.2	2.9
Primary Metals	15.5	18.9	21.8	3.3	2.9
Fabricated Metals	20.6	24.3	17.7	2.8	1.8
Nonelectrical Machinery	19.8	26.5	33.8	5.0	2.0
Electrical Machinery	18.3	22.8	24.3	3.7	3.9
Transportation Equipment	34.3	37.8	10.2	1.6	2.5
Other Durables	11.2	13.4	19.6	3.0	5.3
Nondurables	*339.1*	*354.7*	*4.6*	*0.8*	*0.7*
Food	56.4	63.0	11.7	1.9	2.1
Textiles	123.7	120.3	-2.7	-0.5	-0.5
Apparel	74.5	74.9	0.5	0.1	-0.6
Paper	27.3	29.4	7.6	1.2	1.5
Printing	21.4	26.0	21.6	3.3	2.2
Chemicals	16.1	18.5	15.2	2.4	2.8
Leather	2.8	2.2	-21.4	-3.9	-1.3
Other Nondurables	17.0	20.4	19.9	3.1	4.7
Transportation	129.1	155.4	20.4	3.1	2.6
Trade	476.0	543.1	14.1	2.2	2.4
Wholesale	*149.0*	*168.7*	*13.2*	*2.1*	*1.4*
Retail	*327.0*	*374.4*	*14.5*	*2.3*	*2.8*
Finance, Ins. & Real Estate	103.6	119.9	15.7	2.5	2.6
Services	309.1	394.1	27.5	4.1	2.7
Government	407.9	463.8	13.7	2.2	2.7
Federal	*82.8*	*84.2*	*1.7*	*0.3*	*0.1*
State & Local	*325.0*	*379.6*	*16.8*	*2.6*	*3.4*
Total Wage & Salary	2050.1	2366.3	15.4	2.4	2.3
Projected Civilian Resident Population	5015	5331	6.3	1.02	0.95

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Table 7

Georgia in 1984

Personal Income**

	1978	1984	% Change	Annual Rate	Previous Annual Rate
Wage & Salary Income	22968	45055	96.2	11.9	10.6
Other Labor Income	2115	4435	109.7	13.1	15.1
Proprietors' Income	2258	3484	54.3	7.5	10.3
Farm	*612*	*964*	*57.5*	*7.8*	*13.0*
Nonfarm	*1645*	*2520*	*53.2*	*7.4*	*9.8*
Labor & Proprietors' Income:					
Farm	800	1420	77.5	10.0	12.0
Mining	114	246	215.4	13.6	13.3
Contract Construction	1457	2959	103.1	12.5	12.0
Manufacturing	6462	12426	92.3	11.5	10.9
Durables	*2566*	*5486*	*113.8*	*13.5*	*N.A.*
Nondurables	*3896*	*6940*	*78.1*	*10.1*	*N.A.*
Trade	5233	9818	87.6	11.1	11.0
Finance, Ins. & Real Estate	1565	3090	97.4	12.0	11.4
Transportation & Utilities	2539	5087	100.3	12.3	11.4
Services	3955	8306	110.0	13.2	11.6
Other Industries	89	208	133.5	15.2	11.9
Government	5123	9414	83.8	10.7	9.6
Federal Civilian	*1408*	*2294*	*62.9*	*8.5*	*8.0*
Federal Military	*726*	*1490*	*105.3*	*12.7*	*10.5*
State & Local	*2990*	*5630*	*88.3*	*11.1*	*10.2*
Property Income	3875	7909	104.1	12.6	11.4
State V. I. Benefits*	109	235	115.3	13.6	3.6
Other Transfers	4291	9238	115.3	13.6	10.1
Less: Social Ins. Contributions	1439	3341	132.2	15.2	14.9
Residence Adjustment	-92	-115	-----	-----	----
Total Personal Income	34087	66900	96.3	11.9	10.7
Real Personal Income	19501	22817	17.0	2.7	3.5
Adjusted CPI**	174.8	293.2	67.7	9.0	7.0

** Assuming prices rise 9% per year and adjusted to reflect differences from national pruchasing power
* Assuming 4.5% unemployment rate in 1984

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

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GEORGIA STATE UNIVERSITY FORECAST

Georgia and Atlanta
1979 — 1981

Presented at the
QUARTERLY FORECASTING CONFERENCE
of the
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MAY 13, 1980

ECONOMIC FORECASTING PROJECT
Donald Ratajczak, Director
COLLEGE OF BUSINESS ADMINISTRATION
Kenneth Black Jr., Dean

FORECAST OF GEORGIA and ATLANTA 1979-1981, May 13, 1980

RECESSIONARY SIGNS APPEAR IN GEORGIA'S ECONOMY

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

In the first quarter, and particularly in the month of March, Georgia's economic indicators turned decidely negative. The coincident indicators, which measure current conditions in the Georgia economy, fell throughout the quarter. Initial weakness was farm related, but financial restrictions began to dominate as the quarter came to an end. According to these estimates, economic activity in Georgia fell at a 2.8% annual rate in the first quarter as compared to a 1.1% preliminary gain reported for the nation. Despite this weakness, Georgia's economy still expanded slightly faster than nationwide in the last year.

Only two of the coincident indicators continued to show improvement during the quarter. First, the value of unemployment claims adjusted for inflation fell modestly. This is consistent with estimates of unemployment in Georgia, which trended down throughout the quarter and reached a level of 5.0% in March, as compared to 6.6% nationwide. Second, the index of hours worked grew significantly throughout the quarter. This strength in employment opportunities is confirmed by seasonally adjusted estimates of employment as contained in table 5.

Unfortunately, the favorable employment figures are not confirmed by the performance in other parts of the economy. Bank loans have slumped at historically high rates, while bank deposits also are dropping sharply. Even though unemployment claims remain modest, the insured unemployment rate is trending upward noticeably. Georgia's farm economy is in a severe recession, while the obvious loss in productivity, reflected by a strong gain in hours worked and weak performance elsewhere, finally has begun to affect corporate profits.

In 1974, the employment statistics also were slow to reflect underlying weakness. The full impact of the economic decline was not exposed until the benchmark revisions of 1975 and 1976. This inability to measure significant economic changes may again be developing in the Georgia statistics.

According to the leading indicators, further weakness is in store for the Georgia economy. During the last twelve months through March, the index decreased 1.2%, which would suggest a 1.7% decline in Georgia economic activity during 1980. Moreover, economic weakness has intensified, as the leading indicators in March registered their second largest decline since the series was developed in the mid 1960's. Thus, a plunge in the Georgia economy of nearly three percentage points between the peak month of December 1979 and the trough sometime in 1980 might

develop. While such a decline is definitely noticeable, it would only be about one-third as severe as the sharp economic dislocation that Georgia experienced in 1974-1975.

Prior to this onset of weakness, the Georgia economy was performing slightly better than the nation as a whole. Georgia's personal income in the fourth quarter increased by 3.0% as compared with 2.9% nationwide. Furthermore, wage and salary disbursements grew 2.9% in Georgia as compared to 2.6% in the United States. Thus, national personal income was being aided by substantial increases in unemployment insurance benefits. In the industry sectors, military payroll showed the largest percentage increase (5.4%), but this is normal in the fourth quarter of each year. Indeed, military payrolls grew at a slower rate in Georgia than in the country as a whole. The reported statistics show that state and local government payrolls in Georgia have been virtually flat since the second quarter of 1979. Table 5 does show that seasonally adjusted employment in state and local activities tended to trend modestly downward in the latter part of the year. However, government payrolls moved sharply upward early in 1980.

Except in agriculture, no Georgia sector showed payroll weakness late in 1979. The largest areas of strength were services (5.0%), transportation services (4.0%), and wholesale trade (3.8%). Increases were most modest for retail trade (2.3%) and the finance group (2.5%). Nationwide, the areas of strength and weakness during the fourth quarter were very similar with one exception. Payrolls in the durable goods industries already were slumping nationally while they continued to move slowly forward in Georgia.

Although table 5 suggests that employment in Georgia increased at a 3.9% annual rate in the first quarter, these figures must be viewed with suspicion. First, contract construction showed a sizeable increase in Georgia while it was declining nationwide. It is true that housing activity in the first two months of the first quarter were surprisingly strong. However, any gains that otherwise would have occurred in that quarter were resoundly eliminated by a collapse in activity during March. The construction sector also is gaining considerable support from a continuing surge in nonresidential construction contracts. This component of our leading indicators has been growing at an inflation adjusted rate of 10% per month in the first three months of this year. While these gains will moderate the rate of decline in contract construction, the collapse of the housing market certainly suggests that construction will be among the weakest links in the Georgia economy for the remainder of 1980.

Second, several areas of manufacturing activity in Georgia were showing gains or only modest declines while they were slumping sharply nationwide. The lumber category, which fell 3% nationwide in April, registered an increase in the first quarter of 1980. Already, plant closings indicate that this number will decline significantly. Fabricated metals continued to trend upward in Georgia while they are decidedly trending downward nationwide. Transportation equipment shows only a modest decline in Georgia despite a dramatic decline in total domestic automobile sales nationwide. While textiles are trending down because of reductions in the carpet industry, the magnitude of the decline appears to be very modest given the contraction and orders. A continuing upward trend in the apparel industry cannot be sustained, now that consumers have completely with-

drawn from the market. Thus, even if paper, printing and chemicals preserve their current upward trends, manufacturing payrolls probably already have peaked for this business cycle in Georgia.

In the service categories, transportation services should continue to trend upward despite the decline in airline traffic. The extention of Hartsfield airport is primarily responsible for this unusual growth pattern during a recession. Also, the service and retail trade sector should continue to exhibit modest growth paths. Wholesale trade, on the other hand, appears to be in excess of other economic activity in Georgia and may suffer a noticeable decline. Finally, the government sector is continuing to add to economic activity, despite a continuing reduction in federal employment, excluding census personnel. This is probably a lagged response to relatively favorable budgetary conditions in Georgia during the last fiscal year. Next year, however, some fiscal stringency is anticipated.

Through much of 1979, the Atlanta Consumer Price Index grew at a slower rate than nationwide. Early in 1980, however, the differential inflation gap had been closed. The important food and housing categories continued to grow at a slower rate in Atlanta than nationwide. However, rents, which trailed national rates early in the year, were more than a percentage point above the national average for the latest twelve month period. Home ownership costs also narrowed the gap between Georgia and the nation. More modest increases in the cost of fuel offset this impact, primarily because the lower rising fuel components of electricity and natural gas are more important in the Georgia economy than they are nationwide.

The slower price acceleration in food and housing was offset by more rapid price increases in apparel (8.4% vs 6.5%), and transportation (27.7% vs 22.5%). Medical care services continued to be a relative bargain in Atlanta, rising 7.9% as compared with a 10.9% gain nationwide.

Although personal income and inflation rates were comparable in Georgia and in the United States, retail sales in the Atlanta region appear to be growing slightly above the national average. During 1979, Atlanta retail sales grew 13% as compared to 11% nationwide. For nondurable stores, the gain was 23% in Atlanta vs 11% nationwide. This two percentage point differential between retail sales growth in Georgia and the United States has persisted for the last half of 1979. In January 1980, department store sales in Atlanta continued to trail national rates by a percentage point. However, weakness has surfaced in other parts of the state. In Augusta, sales actually fell below previous year levels and trailed national rates by thirteen percentage points. Department store sales in Macon showed no gains from previous year levels, but sales in Savannah were off 8%, sharply narrowing the gap that has existed between Savannah and the national average. Taxable sales in the fourth quarter rebounded slightly to grow 9.5%, as compared to an 8.8% gain from previous year levels during the summer. Nevertheless, both quarterly gains were below the 10.5% improvement for the year as a whole. In March, the effective mortgage rate for newly built homes in Atlanta was 14.94% for a 75% mortgage. This was a staggering 4.40 percentage point increase from the previous year. Nationwide, the

rate was a slightly lower 14.6%, while the increase also was modestly smaller at 4.01 percentage points. This more rapid upward movement in the effective rate for mortgages in Atlanta clearly reflects the relative restraint that tight money has had upon the Atlanta market. Indeed, the effective mortgage rate rose 2.07 percentage points in the month of March alone. Fortunately, the collapse in short-term interest rates means that the cost of borrowing funds by lending institutions is beginning to decline. If these conditions are maintained, as we expect, the conventional mortgage rate should decline to the vicinity of 12% by the end of summer. While decreases below that rate are possible, a return to single-digit mortgage rates is not imminent.

Our monthly indicators show that adjusted savings capital and adjusted mortgages outstanding at mortgage lending institutions continued their 1% per month declines in the early weeks following the March 14th credit restrictions. Unfortunately, our more complete information on savings and loan activity predate the March initiative. At that time, activity at savings associations was more favorable in the southeast than in the nation or in Georgia. For example, mortgage commitments declined 19.2% in the southeast, while they declined 25.7% nationwide and 26.3% in Georgia. Actually, savings capital showed the greatest expansion in Georgia, rising 2.0% as compared to 1.8% for the southeast and 1.7% for the nation. However, this savings capital was not going into mortgages, as mortgages outstanding grew only 0.7% in Georgia as compared with 1.3% in southeast and 0.9% nationwide. Clearly, the Georgia associations assumed that mortgage rates were heading higher and did not wish to make significant mortgage commitments under those circumstances. Of course, their assumptions proved to be correct.

Georgia's tax information, which partially reflects the abrupt slowing in economic activity in March, has begun to show a mixed performance. Sales tax receipts, possibly aided by the relative acceleration of inflation in Georgia, continued to rebound to a 14.9% gain in the winter following gains of 12.6%, 11.4%, 9.4% and 13.6% in previous quarters. Nationally, the sales tax receipts by state and local governments reflected the slump in consumer activity. There, receipts slowed to an 8.0% gain following year-of-year gains of 8.4%, 9.4%, 8.1%, and 13.4% in previous quarters. Unfortunately, all the tax measures in Georgia showed developing signs of slowing. Income tax collections slowed to an 18.0% rate of gain following increases of 21.2%, 19.4%, 17.1%, and 30.8% in previous quarters. Nationwide, income tax collections also slowed, but only to 7.7% from 8.0%, 8.1%, 1.4% and 3.3% during previous quarters. Similarly, the poor productivity performance implied by our coincident indicators for Georgia appears to be reflected in corporate tax accruals. Total accruals slowed to only a 4.4% annual rate of gain following increases of 9.1%, 11.7%, 7.4% and 7.7% in previous quarters. For all state and local governments, corporate tax accruals appear to have accelerated in the first quarter to a 14.9% rate of increase following gains of 6.5%, 14.0%, 9.6% and 35.6% in previous quarters. Obviously, the slowing in all tax collections except the inflation responsive sales tax has led to a significant slowing in total

revenues. In the latest quarter, revenues have slowed to a 10.5% rate of gain following increases of 12.9% and 11.7% in previous quarters. While revenues for the current fiscal year probably will exceed 11.0% by a small amount, it now appears that revenue growth for the next fiscal year will be in the single-digit range. Indeed, sales tax receipts should slow sharply while corporate tax accruals can fall into negative territory for a short period of time. Under these circumstances, state revenues probably may not grow more than 9% in the next fiscal year.

Summary of Outlook

Already, the leading indicators suggest that economic activity in Georgia will decline by 1.7% in 1980. However, continuing weakness in the leading indicators suggests that this forecast will be revised downward in subsequent months. The first two percentage point reduction in economic activity can be absorbed by changes in the workweek. However, any further erosion in production almost certainly will lead to some reduction in employemnt opportunities.

All goods producing industries are expected to show significant declines in employment opportunities in 1980, but none of this is expected to spread to the service oriented industries. The greatest weakness is expected to be in construction, where employemnt is expected to plunge by 8.5%; within manufacturing, transportation equipment should show the largest decline, a 10.6% reduction. Only modest reductions are anticipated for textiles, while apparel may eke out a minimal rate of expansion. Fortunately, the expansion at Hartsfield airport will ensure some growth in transportation services throughout the year. While a significant correction in wholesale trade activity is possible, we do not anticipate that the adjustments will be completed until 1981. By that time, the remainder of the economy will be expanding. As state and local payrolls appear to be expanding at a rapid rate in 1980, overall employment is still expected to grow in Georgia. However, the rate of increase is reduced to only 1%.

Most of the employemnt weakness will appear in the second half of the year. As a result, while 1981 will be a recovery year, it will be recovering from a significantly lower base than the average employment rates for 1980. Thus, most industries are expected to show minimal employment expansion on a year to year comparison basis. Nevertheless, a noticeable recovery is anticipated, with construction leading the expansion.

The unemployment rate will increase about one percentage point in 1980 and another full percentage point in 1981. Nevertheless, this would mean that unemployment rates would topout at about 7.5%, well below the nearly 9% unemployment rate projected for the United States. While the outlook does not look good, it is considerably better than in many other parts of the United States.

Housing Plunge Makes Recession Likely in Atlanta

After exceeding 1979 levels by more than 300 in the first two months, single family housing permits in Atlanta plunged 58% in March. With multi-family activity at near standstill following a sharp surge early in 1979, total housing permits already are 2,000 units below 1979 rates. Even with interest rates beginning to soften and an expected mortgage rate at 12% before the end of summer, multi-family permits may fall 58% to 2,500 units in 1980. Single-family units should recover late in the year, but current weakness suggests that permits for 1980 will barely exceed 12,000. This total of only 14,500 units permitted for 1980 means that housing permits are expected to fall by nearly 30%. While this is slightly more favorable than the 35% decline in permits expected nationwide, the decline should have a significant impact upon construction employment.

The recession may reduce household formations by nearly 25% from the estimated 20,000 that occurred in 1979. At current construction rates, the existing imbalance between housing demand and supply will intensify. High interest rates have stalled the upward movement of housing prices, but this is expected to be a very temporary development. On the other hand, rental rates continued to rise sharply. If multi-family activity remains as depressed as earlier this year, sharp increases in rents may develop before the end of 1980.

Multi-family activity in Fulton county has shrunk from 1,047 in 1979 to 175 in the first three months of 1980. Single-family activity in Fulton county is down only 11.6% to 390 units in the first three months. The only other area showing multi-family activity at the present time is Dekalb county. Here, units are 48 vs no permits in the first three months of 1979. Cobb county, which had more than a thousand permits for multi-family activity in 1979 has only permitted two multi-family units in the first three months of 1980. After a strong beginning, single-family activity in Cobb county is 27% below 1979 rates. Clayton county activity is 14.6% below the first three months of 1979. Single activity in Dekalb county is 31.5% below a year ago. Activity in Gwinnett county also slowed sharply in March, but single-family permits currently are only 6.3% below previous year levels. Of the smaller counties, activity in Cherokee county in off 28%, while activity in Rockdale county is down about 16%. There seems little doubt that Gwinnett county will produce more housing than any other county for 1980. Including Lawrenceville and Snellville, permits should exceed 3,500 for that county. Activity in Cobb county may not exceed 2,500, a sharp decline from the 4,804 permits issued last year. Fulton county may do 1,500 single permits but will do less than 1,000 multi-family units. Dekalb county is expected to permit only slightly more than 1,500 units, while Cherokee county will not maintain the growth path that had developed previously. Both Cherokee and Clayton counties will continue to struggle for fifth place and neither is expected to permit more than 700 units.

Prior to the credit restraints in March, savings activity in Atlanta mirrored performances through the state. While savings capital grew a reasonable 2.0%, mortgages outstanding rose only 0.7%. Furthermore, a slump in mortgage commitments of 29.3% suggested that weakness would continue for several more months.

The construction picture in Atlanta is not all gloom and doom. The Coldwell Banker Industrial Vacancy Index declined to a 2.6% level, well below the 3.4% estimated nationwide. Moreover, the nonresidential construction contracts that were growing so sharply for Georgia appeared to be heavily concentrated in the Atlanta area. Of course, the Coldwell Banker Office Vacancy Index increased modestly in Atlanta during the last three months. Also, employment and wholesale trade have been unusually strong relative to economic activity in Atlanta. Thus, some of that low vacancy for industrial space may indicate excess capacity in this recessionary economy.

After a modest summer retail slump in Atlanta, taxable sales rose sharply relative to activity in Georgia. For the entire year, taxable sales grew 11.9% in the metro areas compared to 10.4% in Georgia. In the fourth quarter, the comparative performance was 11.5% for Atlanta and 9.5% for Georgia. Sales taxes in Clayton county continued to slow, but remained slightly above performance in Georgia during the fourth quarter. Cobb county continued to show steady but unspectacular 13% gains in taxable sales. Dekalb county showed some improvement from third quarter weakness as taxable sales grew 11.5% in the fourth quarter from previous year levels. Fulton county also recovered, but taxable sales remained below Georgia's average by a small amount. Gwinnett, on the other hand, continued to register spectacular rates of increase with taxable sales 28.6% above previous year levels in the fourth quarter. Thus the emerging pattern of strong growth in Gwinnett county followed by moderate rates of gain in Cobb and Clayton counties and some weakness in Fulton oounty continues to be observed.

Employment in Atlanta is expected to grow more rapidly than in Georgia despite sharper weakness in construction and manufacturing activity. Because of a sharp drop in transportation equipment, durable manufacturing payrolls are expected to decline by 4%. The relatively small textile and apparel industries in Atlanta are expected to show modest declines in both 1980 and 1981. However, the Hartsfield expansion assures significant growth in transportation services both in 1980 and 1981. While wholesale trade almost certainly will decline slightly later this year and the real estate sector is in a significant slump, service payrolls and especially payrolls for state and local governments are expected to continue to expand strongly. While the employment projections continue to exceed recessionary levels, some of these estimates may prove to be too optimistic. Certainly, wholesale trade could begin to plunge more rapidly than anticipated here. However, retail employment is appropriate for the volume of retail activity that has developed in the Atlanta area. In addition, business services, especially lawyers and accountants, continue to expand rapidly. For that reason, any recession in Atlanta should prove to be relatively short lived and relatively mild.

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Table 1 Georgia Wage & Salary Employment for 1978 and 979 With Forecasts for 1980 and 1981

Industry	1978	1979	1980	1981	78-79	79-80	80-81
Mining	7.5	7.7	7.7	7.8	2.7	0.0	1.3
Contract Construction	101.2	98.1	89.7	92.8	-3.2	-8.5	3.5
Manufacturing	515.8	527.1	521.7	526.4	2.2	-1.0	0.9
Durables	*176.7*	*184.1*	*181.8*	*184.8*	*4.2*	*-1.2*	*1.7*
Lumber	29.2	30.7	31.0	31.7	5.1	1.0	2.3
Furniture	9.8	10.0	9.7	9.9	2.0	-3.0	2.1
Stone, Clay, Glass	18.0	18.3	18.3	18.6	1.7	0.0	1.6
Primary Metals	15.5	16.5	16.7	16.6	6.5	1.2	-0.6
Fabricated Metals	20.6	21.3	21.4	21.2	3.4	0.5	-0.9
Nonelectrical Machinery	19.8	21.8	22.4	22.5	10.1	3.2	0.4
Electrical Machinery	18.3	19.2	19.6	19.9	4.9	2.1	1.5
Transportation Equipment	34.3	34.8	31.1	32.7	1.5	-10.6	5.1
Other Durables	11.2	11.7	11.6	11.7	4.5	-0.9	0.9
Nondurables	*339.1*	*343.0*	*339.9*	*341.6*	*1.2*	*-0.9*	*0.5*
Food	56.4	57.9	57.7	59.3	2.7	-0.2	2.8
Textiles	123.7	122.9	119.6	120.1	-0.6	-2.7	0.4
Apparel	74.5	74.7	74.9	74.6	0.3	0.3	-0.4
Paper	27.3	27.8	27.8	27.7	1.8	0.0	-0.4
Printing	21.4	22.7	23.7	24.0	6.1	4.4	1.3
Chemicals	16.1	16.4	16.8	16.7	1.9	2.4	-0.6
Leather	2.8	2.5	2.3	2.2	-10.7	-8.0	-4.3
Other Nondurables	17.0	18.2	17.1	17.0	7.1	-6.0	-0.6
Transportation, Comm. & Utilities	129.1	136.1	141.3	144.1	5.5	3.7	2.0
Trade	476.0	493.5	502.3	507.7	3.7	1.8	1.1
Wholesale	*149.0*	*156.5*	*160.9*	*160.5*	*5.0*	*2.7*	*-0.2*
Retail	*327.0*	*337.0*	*341.4*	*347.2*	*3.1*	*1.3*	*1.7*
Finance. Ins. & Real Estate	103.6	107.0	109.0	110.5	3.3	1.9	1.4
Services	309.1	326.9	335.2	340.6	5.8	2.5	1.6
Government	407.9	417.7	428.5	432.2	2.4	2.6	0.9
Federal	*82.8*	*82.1*	*81.6*	*81.0*	*-0.8*	*-0.6*	*-0.7*
State & Local	*325.0*	*335.6*	*346.9*	*351.2*	*3.3*	*3.3*	*1.2*
Total Wage & Salary Employment	2050.1	2114.1	2135.4	2162.1	3.1	1.0	1.2

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Table 2

Estimated Georgia Personal Income
(Millions of Dollars)

	1978	1979	1980	1981	77-78	78-79	79-80	80-81
Wage & Salary Income	23361	26040	28011	30622	12.2	11.5	7.6	9.3
Other Labor Income	2114	2438	2831	3210	14.7	15.3	16.1	13.4
Proprietors' Income	2238	2253	2116	2349	31.6	0.7	-6.1	11.0
Farm	*593*	*493*	*277*	*462*	*189.3*	*-16.9*	*-43.8*	*66.8*
Nonfarm	*1645*	*1760*	*1839*	*1887*	*10.0*	*7.0*	*4.5*	*2.6*
Labor & Proprietors' Income:								
Farm	781	718	517	715	114.6	-8.1	-28.0	38.3
Mining	114	128	141	156	9.9	12.3	10.2	10.8
Contract Construction	1513	1607	1583	1749	15.9	6.2	-1.5	10.5
Manufacturing	6574	7385	7778	8470	11.4	12.3	15.3	8.9
Durables	*2613*	*2963*	*3087*	*3390*	*12.8*	*13.4*	*4.2*	*9.8*
Nondurables	*3962*	*4422*	*4691*	*5080*	*10.5*	*11.6*	*6.1*	*8.3*
Trade	5354	5969	6417	6988	13.9	11.5	7.5	8.9
Finance, Insurance & Real Estate	1565	1756	192[illegible]	2112	11.3	12.2	9.6	9.7
Transportation & Utilities	2614	3033	3409	3767	16.0	16.0	12.4	10.5
Services	3974	4485	4979	5482	13.2	12.9	11.0	10.1
Other Industries	96	110	121	136	15.1	14.6	10.0	12.4
Government	5129	5541	6088	6606	8.2	8.0	9.9	8.5
Federal Civilian	*1418*	*1535*	*1636*	*1747*	*6.4*	*8.3*	*6.6*	*6.8*
Federal Military	*726*	*783*	*855*	*963*	*8.0*	*7.9*	*9.2*	*12.6*
State & Local	*2986*	*3223*	*3597*	*3896*	*9.2*	*7.9*	*11.6*	*8.3*
Property Income	3875	4456	5120	5765	13.2	15.0	14.9	12.6
State U.I. Benefits	109	111	221	275	-31.0	1.8	99.1	24.4
Other Transfers	4291	4873	5667	6483	9.6	13.6	16.3	14.4
Less: Social Ins. Contributions	1439	1618	1801	2087	11.7	12.4	11.3	15.9
Residence Adjustment	-84	-96	-105	-109	----	----	----	----
Total Personal Income	34465	38456	42060	46508	13.1	11.6	9.4	10.6
Nonfarm Personal Income	33684	37738	41543	45793	11.8	12.0	10.1	10.2
% of U.S. Nonfarm	2.01	2.01	2.01	2.01	----	----	----	----

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Table 3 Atlanta SMSA Wage & Salary Employment for 1978 and 1979 With Forecasts for 1980 and 1981

	1978	1979	1980	1981	78-79	79-80	80-81
Industry							
Contract Construction	41.2	39.9	35.9	37.4	-3.2	-10.0	4.2
Manufacturing	138.4	142.3	139.1	141.9	2.8	-2.2	2.0
Durables	*68.4*	*70.8*	*68.0*	*70.6*	*3.5*	*-4.0*	*3.8*
Lumber	3.2	3.3	3.5	3.8	3.1	6.1	8.6
Furniture	3.5	3.6	3.3	3.4	2.9	-8.3	3.0
Stone, Clay, Glass	7.6	7.3	7.2	7.4	-4.0	0.0	2.8
Primary Metals	4.6	5.0	5.1	5.1	8.7	2.0	0.0
Fabricated Metals	8.0	8.2	7.6	7.5	2.5	-7.3	-1.3
Nonelectrical Machinery	6.1	6.7	6.9	6.9	9.8	3.0	0.0
Electrical Machinery	8.0	9.3	9.7	9.9	16.3	4.3	2.1
Transportation Equipment	24.1	24.0	21.4	23.2	-0.4	-10.8	8.4
Other Durables	3.3	3.4	3.3	3.4	3.0	-2.9	3.0
Nondurables	*70.0*	*71.5*	*71.1*	*71.3*	*2.1*	*-0.6*	*0.3*
Food	19.0	19.1	19.2	19.5	0.5	0.5	1.6
Textiles	7.3	7.4	7.3	7.2	1.4	-1.4	-1.4
Apparel	10.1	10.2	10.0	9.9	1.0	-2.0	-1.0
Paper	7.6	7.7	7.7	7.7	1.3	0.0	0.0
Printing	14.0	14.5	14.8	15.0	3.6	2.1	1.4
Chemicals	6.9	6.8	6.8	6.7	-1.4	0.0	-1.5
Other Nondurables	5.1	5.6	5.3	5.3	9.8	-5.4	0.0
Transportation	77.5	84.5	87.8	90.6	9.0	3.9	3.2
Trade	247.5	257.5	265.2	268.5	4.0	3.0	1.2
Wholesale	*93.2*	*100.3*	*106.3*	*106.0*	*7.6*	*6.0*	*-0.3*
Retail	*154.3*	*157.2*	*158.9*	*162.5*	*1.9*	*1.0*	*2.3*
Finance, Insurance & Real Estate	60.2	63.7	63.6	64.9	5.8	0.0	2.0
Services	174.4	186.5	193.3	198.2	6.9	3.5	2.5
Government	149.1	156.7	162.8	165.2	5.1	4.0	1.5
Federal	*30.6*	*31.5*	*30.2*	*29.9*	*2.9*	*-4.1*	*-1.0*
State & Local	*118.5*	*125.2*	*132.6*	*135.3*	*5.7*	*6.0*	*2.0*
Total Wage & Salary Employment	888.4	931.0	947.7	966.7	4.8	1.8	2.0

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Table 4

Atlanta SMSA Personal Income for 1978 With Estimates for 1979 and Forecasts for 1980 and 1981

	1978	1979	1980	1981	78-79	79-80	80-81
Total Personal Income*	15041	17065	18772	20806	13.5	10.0	10.8
Wage & Salary	11128	12590	13609	14976	13.1	8.1	10.0
Other Labor Income	1065	1231	1418	1618	15.6	15.2	14.1
Proprietors' Income	745	795	803	832	6.7	1.0	3.6
Farm	*38*	*34*	*15*	*21*	----	----	----
Nonfarm	*707*	*761*	*788*	*811*	*7.6*	*3.6*	*2.9*
Property Income	1705	1957	2263	2561	14.8	15.6	13.2
Transfer Payments	1458	1652	1952	2247	13.0	17.7	15.1
Less: Social Ins. Contributions	685	769	860	1002	12.2	11.8	16.6
Total Earnings	12938	14616	15830	17426	13.0	8.3	10.1
Farm	47	45	27	34	----	----	----
Total Nonfarm	12891	14571	15803	17392	13.0	8.5	10.1
Government	1868	2069	2286	2478	10.8	10.5	8.4
Federal Civilian	*590*	*661*	*681*	*726*	*12.0*	*3.1*	*6.6*
Federal Military	*42*	*52*	*56*	*62*	*4.4*	*7.9*	*9.7*
State & Local	*1229*	*1356*	*1549*	*1690*	*10.3*	*14.3*	*9.1*
Private Nonfarm	11023	12502	13517	14914	13.4	8.1	10.3
Manufacturing	2160	2433	2518	2777	12.6	3.5	10.3
Durables	*1236*	*1393*	*1412*	*1581*	*12.7*	*1.4*	*11.9*
Nondurables	*924*	*1040*	*1106*	*1196*	*12.5*	*6.4*	*8.1*
Contract Construction	684	726	705	784	6.2	-3.0	11.2
Transportation, etc.	1663	1987	2238	2499	19.5	12.6	11.7
Trade	3211	3590	3902	4253	11.8	8.7	9.0
Finance, Ins. & Real Estate	983	1120	1191	1313	13.9	6.3	10.3
Services	2287	2607	2920	3241	14.0	12.0	11.0
Residence Adjustment	-375	-391	-413	-426	----	----	----

*Earnings on a residence basis

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Table 5

Seasonally Adjusted Nonagricultural Employment

	Georgia					Atlanta				
	79-2	79-3	79-4	80-1(P)	Mar(P)	79-2	79-3	79-4	80-1(P)	Mar(P)
Total	2106.7	2109.8	2133.9	2154.6	2155.8	927.0	930.6	941.9	947.2	945.5
Mining	7.6	7.6	7.7	7.8	7.7	-----	-----	-----	-----	-----
Contract Construction	96.6	95.1	97.4	104.2	100.5	39.4	39.4	39.5	41.7	40.0
Manufacturing	525.6	526.3	529.2	528.7	527.3	141.4	141.7	144.1	142.4	141.8
Durables	*182.9*	*184.0*	*185.9*	*185.3*	*184.9*	*70.2*	*70.7*	*72.2*	*70.1*	*70.0*
Lumber	30.6	30.7	30.8	31.6	31.6	3.3	3.2	3.4	3.6	3.6
Furniture	10.0	10.0	9.7	9.8	10.0	3.7	3.6	3.6	3.4	3.4
Stone, Clay, Glass	17.9	18.0	19.0	18.9	18.6	7.0	7.3	7.6	7.4	7.3
Primary Metals	16.4	16.7	16.8	16.9	17.0	4.9	5.0	5.0	5.2	5.2
Fabricated Metals	21.1	21.0	21.4	21.7	21.9	8.2	8.3	8.1	7.9	7.8
Nonelectrical Machinery	21.4	21.9	22.4	22.6	22.6	6.6	6.8	7.1	7.0	6.9
Electrical Machinery	19.2	19.1	19.4	19.9	19.6	9.1	9.4	9.7	10.0	9.8
Transportation Equipment	34.6	34.9	34.7	32.1	32.0	24.1	23.8	24.3	22.2	22.6
Other Durables	11.7	11.7	11.7	11.8	11.6	3.3	3.3	3.4	3.4	3.4
Nondurables	*342.7*	*342.3*	*343.3*	*343.4*	*342.4*	*71.2*	*71.0*	*71.9*	*72.3*	*71.8*
Food	57.9	57.7	57.9	58.0	57.7	19.2	18.9	19.1	19.4	19.6
Textiles	123.2	122.7	121.8	121.1	121.0	7.4	7.5	7.6	7.4	7.3
Apparel	74.2	74.3	75.4	75.5	75.3	10.0	10.0	10.4	10.2	10.1
Paper	27.8	27.7	27.9	28.2	28.0	7.9	7.6	7.7	7.9	7.8
Printing	22.4	23.0	22.9	23.7	23.9	14.1	14.6	14.8	15.1	14.8
Chemicals	16.1	16.1	16.9	17.2	17.0	6.8	6.6	6.9	7.0	6.9
Leather	2.6	2.5	2.5	2.4	2.3					
Other Nondurables	18.5	18.3	18.0	17.3	17.2	5.8	5.8	5.4	5.3	5.3
Transportation, Comm. & Utilities	135.4	136.1	137.6	139.8	140.5	84.3	85.0	85.8	87.1	87.3
Trade	488.8	491.2	507.7	504.4	504.6	255.2	254.8	265.2	262.3	261.3
Wholesale	*155.1*	*157.5*	*159.8*	*161.1*	*161.9*	*99.3*	*100.8*	*103.2*	*106.4*	*107.2*
Retail	*333.7*	*333.7*	*347.9*	*343.3*	*342.7*	*155.9*	*154.0*	*162.0*	*155.9*	*154.1*
Finance, Ins. & Real Estate	106.7	107.1	108.1	108.5	108.8	63.6	64.3	64.3	63.8	63.7
Services	323.6	337.9	331.3	331.0	333.6	184.8	192.6	189.1	188.6	189.7
Government	422.4	408.5	414.9	430.2	432.8	158.3	152.8	155.9	161.3	161.7
Federal	*82.4*	*84.4*	*80.4*	*79.5*	*79.5*	*32.1*	*32.1*	*30.2*	*29.6*	*29.5*
State & Local	*340.0*	*324.1*	*334.5*	*350.7*	*353.3*	*126.2*	*120.7*	*125.7*	*131.7*	*132.2*